



## CITY OF LANSING ASSESSING DEPARTMENT

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### WHY DID MY ASSESSMENT GO DOWN AND MY TAXES INCREASED? HOW CAN THIS HAPPEN?

The answer is simple yet complex: The passage of Proposal A in 1994 created the 'cap' on tax increases based on the yearly CPI (Consumer Price Index) and also created new terminology which taxpayers should be aware of.

- **Assessed Value** – is to equal 50% of market value. For example: a house with a \$50,000 assessed value should sell for \$100,000. The assessed value from year to year can increase/decrease as much as the market allows, based on yearly studies conducted by the local assessor's office and equalization departments.
- **Taxable Value** – is the 'capped' figure upon which taxes are calculated. Taxable value has no relationship to market value. The Taxable Value will increase each year by the CPI (Consumer Price Index) published by the State of Michigan, unless there has been new construction added to the property or demolition of structures. The only other time the Taxable Value will increase more than the CPI is the year after a property has transferred ownership. The year after a transfer of ownership the Taxable Value will become 'uncapped'. For example:

A property with the following assessed and taxable values in 2008

2008 Assessed Value	\$60,000 (indicated market value \$120,000)
2008 Taxable Value	\$32,642 (figure used to calculate taxes)

The property sells for \$117,000 in 2008 and for the 2009 assessment year (assuming no changes in market studies) the following will occur:

2009 Assessed Value	\$60,000 (indicated market value \$120,000)
2009 Taxable Value	\$60,000 (taxes are now calculated on this amount.)

This shows the taxable value increase, 'uncapping', the year after a transfer of ownership from \$32,642 to \$60,000.

**Please note:** Anyone purchasing a property should call the City Assessor's Office 517-483-4020 for an estimate of their taxes for the next year. The increase in taxes could increase your escrow therefore increasing your monthly mortgage payment.

The Assessor's Office does not take half the sale price of the property for the assessed value the year after a transfer of ownership. This practice would treat properties that sold in a different manner than the properties that have not sold, which is not uniform appraisal practice and an illegal under the Michigan Constitution and General Property Tax Act 206 of 1893 as amended.

Any questions regarding your property, please visit the Assessor's website at [www.lansingmi.gov](http://www.lansingmi.gov) or telephone the office at 514-483-4020.